

Cabinet of Commissioner Kadri SIMSON - Minutes of Meeting

MEETING CONCLUSIONS

Title	Meeting with the EU Hydropower Alliance
Date	04-05-2023
Participants	Ext : [REDACTED] (Iberdrola), [REDACTED] (Verbund AG), [REDACTED] (EDF), [REDACTED] (Vattenfall), [REDACTED] (SHEM/Engie), [REDACTED] (Statkraft), [REDACTED] (EDF), [REDACTED] (Fortum Oy), [REDACTED] [REDACTED] (ENEL), [REDACTED] (Uniper Energy), [REDACTED] (EDP) COM: Kadri SIMSON, Barbara GLOWACKA, [REDACTED] (ENER C1)
	Ares initial request :
	Disclosure authorization : <input checked="" type="checkbox"/> YES - <input type="checkbox"/> NO - <input type="checkbox"/> Partial (pls highlight unauthorized parts)
Issues raised & follow-up	<p>The members of the EU Hydropower Alliance explained that the alliance was formed recently to enhance the visibility of the hydropower sector and to discuss opportunities of supporting the repowering and refurbishment of existing hydropower plants and of building new installations.</p> <p>The alliance stressed the increasing importance and benefits of hydropower in terms of dispatchable production and flexibility to balance wind and solar, making it critical for the EU's decarbonisation and security of supply strategy. Non-energy related benefits include the management of water in relation to flood protection and droughts. The hydropower sector represents 80.000 jobs in Europe and its supply chain is 90% domestic.</p> <p>In particular pumped storage hydropower is key to balance flexible renewable energy sources and offers a higher firmness than batteries. It is possible to increase the capacity of existing reservoirs, even if there will not be many new installations due to environmental considerations. Such increase requires a robust regulatory framework and investment signals. Revenue stabilisation mechanisms are needed which pay for the flexibility and firmness offered by pumped hydropower. The minimum requirements for storage should be coordinated across Member States.</p> <p>The Electricity Market Design should also incentivize storage. Marginal pricing and price signals reflecting the system's variable needs are crucial. The alliance warned that a price cap or any other mechanism that could lead to fixed prices (CfDs) for hydropower would be implying unintended consequences, not using the flexibility of hydropower effectively.</p> <p>More broadly, the alliance asked not to excessively penalise hydropower in EU legislation (the EU Taxonomy, Nature Restoration Law and electricity market design were cited as examples), as this could hinder maintaining capabilities and refurbishment. It was acknowledged that climate action and biodiversity protection can and need to go hand in hand.</p> <p>The alliance asked to include hydropower in the Net Zero Industry Act and to envisage drafting an EU hydropower strategy.</p> <p>In her reply, Commissioner Simson acknowledged the important role of hydropower in the energy transition and in ensuring security of supply. She explained the actions taken by the Commission to accelerate the permit-granting procedures for renewable energy projects, including repowering. Member States are asked to invest in low-carbon storage solutions and the Connecting Europe Facility provides EU financial support to several pumped storage facilities. Based on the Commission's proposals, the legislative processes for the Electricity Market Design and the Net Zero Industry Act are now ongoing. The decision on new strategies would be the privilege of the next Commission. To prepare for this, the Commissioner suggested to organise a high-level event on hydropower, in which she would gladly participate.</p>